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CONTEMPORARY ARTS CENTER
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
JUNE 30, 2000 and 2001

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the chief clerk of the supreme court public affairs. The report is available for public inspection at the State Finance Office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date: 1/9/02

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
of the Contemporary Arts Center

We have audited the accompanying statements of financial position of the Contemporary Arts Center (the "Center" - a Louisiana not-for-profit corporation) as of June 30, 2001 and 2000, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Center's management. Our responsibility is to express an opinion on these financial statements and supplemental schedule based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Center as of June 30, 2001 and 2000, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2 to the financial statements, certain errors resulting in overstatement of previously reported fixed assets and accumulated depreciation as of June 30, 1999, were discovered by management of the Center during the year ended June 30, 2000. Accordingly, an adjustment was made to the unrestricted fund balance as of July 1, 1999 to correct the error.

In accordance with Government Auditing Standards, we have also issued a report dated November 9, 2001 on our considerations of the Center's internal control over financial reporting, and our tests of its compliance with certain provisions of laws, regulations, and grants.

Our audits were performed for the purpose of forming an opinion on the basic financial statements of the Center taken as a whole. The Supplemental Schedule of Departmental Activity is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Legier & Matheis, CPAs

November 9, 2001

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**CONTEMPORARY ARTS CENTER
STATEMENT OF FINANCIAL POSITION
JUNE 30, 1981**

	Unrestricted Fund	Temporarily Restricted	Permanently Restricted	Total
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	\$ 20,057	\$ 221,596	\$ 187,333	\$ 409,986
Receivables and grants receivable	79,060	183,088	-	170,060
Due from other funds	-	-	188,332	188,332
Prepaid expenses	15,491	-	-	15,491
Total current assets	108,611	326,596	307,985	609,672
Fixed assets, net of depreciation	59,008	-	8,857,331	8,916,341
Art collection	144,326	-	-	144,326
Investments	654	-	98,817	100,371
Long-term receivables	-	2,124	-	2,124
Other assets	31,265	-	-	31,265
Total assets	\$ 344,264	\$ 328,690	\$ 9,324,653	\$ 9,997,607
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable and accrued expenses	\$ 196,200	\$ -	\$ -	\$ 196,200
Notes payable, current portion	46,796	-	-	46,796
Line of credit	100,000	-	-	100,000
Due to other funds	188,332	-	-	188,332
Total current liabilities	531,328	-	-	531,328
Notes payable, less current portion	79,666	-	-	79,666
NET ASSETS				
Permanently restricted	-	-	9,324,653	9,324,653
Temporarily restricted	-	328,690	-	328,690
Unrestricted	273,299	-	-	273,299
Total net assets	273,299	328,690	9,324,653	9,926,642
Total liabilities and net assets	\$ 604,624	\$ 328,690	\$ 9,324,653	\$ 9,997,607

The accompanying notes are integral part of these financial statements.

CONTEMPORARY ARTS CENTER
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2008

	Unrestricted Fund	Temporarily Restricted	Permanently Restricted	Total
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 34,234	\$ 274,921	\$ 77,788	\$ 386,943
Pledges and grants receivable	64,569	145,588	25,800	235,957
Due from other funds	-	-	188,332	188,332
Prepaid expenses	8,706	-	-	8,706
Total current assets	107,509	420,509	293,880	821,798
Fixed assets, net of depreciation	27,649	-	9,661,347	9,918,645
Art collection	98,828	-	-	98,828
Investments	-	-	808,566	808,566
Long-term receivables	-	153,088	-	153,088
Other assets	28,471	-	-	28,471
Total assets	\$ 258,457	\$ 573,621	\$ 9,452,873	\$ 10,284,951
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable and accrued expenses	\$ 198,471	\$ -	\$ -	\$ 198,471
Notes payable, current portion	82,000	-	-	82,000
Due to other funds	188,150	-	-	188,150
Total current liabilities	468,621	-	-	468,621
Notes payable, less current portion	28,762	-	-	28,762
NET ASSETS				
Permanently restricted	-	-	9,452,873	9,452,873
Temporarily restricted	-	553,621	-	553,621
Unrestricted	174,000	-	-	174,000
Total net assets	\$ 174,000	\$ 553,621	\$ 9,452,873	\$ 10,180,494
Total liabilities and net assets	\$ 258,547	\$ 553,621	\$ 9,452,873	\$ 10,284,951

The accompanying notes are integral part of these financial statements.

**CONTEMPORARY ARTS CENTER
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2000**

	Temporarily Restricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUE:				
Contributions	\$ 458,684	\$ 138,470	\$ 88,124	\$ 685,278
Contributions in kind	89,323	-	-	89,323
Rentals and program service grants	81,248	-	22,588	103,836
Membership dues	267,498	-	-	267,498
Admissions, workshop fees, meetings and conferences	555,449	33,056	-	588,505
Special fund-raising events, admissions	284,626	-	-	284,626
Sales of art, catalogs and subscriptions	118,832	-	-	118,832
Beverage, food, hospitality services	482,838	-	-	482,838
Investment income	8,122	-	9,821	17,943
Other	61,788	1,000	-	62,788
Total supported revenue before net assets returned from restrictions	2,207,733	152,586	89,614	2,449,933
Net assets returned from restrictions	382,478	(177,257)	(1,241)	-
Total support and revenue	2,590,211	135,329	88,373	2,813,913
EXPENSES:				
Salaries	1,824,244	-	-	1,824,244
Payroll taxes	82,620	-	-	82,620
Employee benefits	38,971	-	-	38,971
Value of in-kind contributions	89,323	-	-	89,323
Artist fees	182,591	-	-	182,591
Advertising	76,680	-	-	76,680
Telephone and utilities	132,776	-	-	132,776
Supplies, maintenance and equipment	182,886	-	-	182,886
Professional, technical, contract services	196,232	-	-	196,232
Beverage, food, hospitality	132,315	-	-	132,315
Equipment rental	114,891	-	-	114,891
Printing, publications, films, etc.	186,948	-	-	186,948
Rentalty and insurance	86,817	-	-	86,817
Cost of goods sold	35,190	-	-	35,190
Freight and shipping	67,965	-	-	67,965
Interagency, conferences and travel	76,498	-	-	76,498
Entertainment	87,713	-	-	87,713
Interest expense	24,519	-	-	24,519
Heat light expense	1,548	-	-	1,548
Program and royalty fees	35,150	-	-	35,150
Other	75,821	12	1,288	77,121
Total expenses before depreciation	2,681,421	12	1,288	2,682,721
Excess (deficiency) of support & revenue over (under) expenses before depreciation	(81,210)	(128,742)	81,164	(228,788)
Depreciation expense	17,297	-	203,850	221,147
Net change in net assets	(63,913)	(128,742)	119,014	(44,641)
NET ASSETS, beginning of period	(176,641)	443,620	9,411,870	9,678,849
Unrealized gains (loss) on investments	362	-	(8,518)	(8,156)
NET ASSETS, end of period	(240,554)	314,878	9,412,366	9,486,690

The accompanying notes are integral part of these financial statements.

**CONTEMPORARY ARTS CENTER
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 1988**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUE:				
Contributions	\$ 625,331	\$ 215,290	\$ 267,412	\$ 1,108,033
Contributions in kind	188,400	-	-	188,400
Tuition and program services-gross	54,254	15,000	-	69,254
Membership dues	299,683	-	-	299,683
Admissions, workshop fees, meetings and conferences	326,499	9,700	-	336,200
Special fund-raising events, admissions	32,254	-	-	32,254
Sales of art, catalogs and subscriptions	11,427	-	-	11,427
Beverage, food, hospitality services	493,049	-	-	493,049
Investment income	4,700	-	1,642	6,342
Other	26,124	-	-	26,124
Total support and revenue before net assets released from operations	2,611,279	569,290	274,054	3,454,623
Net assets released from operations	211,279	628,288	13,012	-
Total support and revenue	2,822,558	1,197,578	287,066	4,307,202
EXPENSES:				
Salaries	894,525	-	-	894,525
Payroll taxes	71,852	-	-	71,852
Employer benefits	39,670	-	-	39,670
Value of in kind contributions	104,588	-	-	104,588
Artist fees	191,260	-	-	191,260
Advertising	34,403	-	-	34,403
Telephone and utilities	82,960	-	-	82,960
Supplies, maintenance and equipment	132,291	-	-	132,291
Professional, technical, contract services	177,288	-	-	177,288
Beverage, food, hospitality	175,896	-	-	175,896
Equipment rental	66,803	-	-	66,803
Printing, publications, films, etc.	55,475	-	-	55,475
Security and insurance	76,228	-	-	76,228
Cost of goods sold	3,403	-	-	3,403
Postage and shipping	59,728	-	-	59,728
Meetings, conferences, and travel	34,879	-	-	34,879
Entertainment	20,884	-	-	20,884
Interest expense	5,842	-	-	5,842
Bad-debt expense	548	-	-	548
Program and supply fees	14,882	-	-	14,882
Other	56,478	-	542	57,020
Total expenses before depreciation	2,248,812	-	542	2,249,354
Excess (deficiency) of support & revenue over (under) expenses before depreciation	(426,254)	331,095	286,484	191,325
Depreciation expense	86,886	-	205,833	292,722
Net change in net assets	(99,602)	331,095	80,651	31,144
NET ASSETS, as previously reported	1,419,748	361,328	9,342,276	11,823,352
FROM PERIOD ADJUSTMENT	(1,420,900)	-	-	(1,420,900)
NET ASSETS, beginning of period reported	(79,272)	361,328	9,342,276	9,589,371
Unrealized gain on investments	-	-	6,832	6,832
NET ASSETS, end of period	\$ (178,844)	\$ 732,423	\$ 9,349,108	\$ 10,002,711

The accompanying notes are integral part of these financial statements.

**CONTEMPORARY ARTS CENTER
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2001 AND 2000**

	2001	2000
CASH FLOWS FROM OPERATING AND CAPITAL FUND-RAISING ACTIVITIES		
Change in net assets	\$ (449,089)	\$ 517,842
Noncash contribution of assets	-	(285,000)
Changes to operations not using cash:		
Depreciation expense	221,800	260,439
Adjustments to record in net change in net assets to net cash provided by operating activities:		
Pledges and grants receivable	58,790	(91,108)
Long-term receivables	120,870	(88,917)
Prepaid expenses	(4,785)	(8,880)
Other assets	(2,094)	(11,364)
Accounts payable and accrued expenses	(8,729)	(8,731)
Net cash provided by operating activities	<u>3,251</u>	<u>148,151</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of equipment	(90,954)	(38,329)
Purchase of artwork	(41,580)	-
Decrease in endowment fund and other investments	1,038	2,095
Net cash used in investing activities	<u>(131,496)</u>	<u>(118,223)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on notes payable	(401,885)	(46,080)
Proceeds from issuance of notes payable	490,000	70,000
Net proceeds from line of credit	180,000	-
Net cash provided by financing activities	<u>138,115</u>	<u>24,000</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	47,811	348,228
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>286,835</u>	<u>348,659</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 334,646</u>	<u>\$ 696,887</u>

The accompanying notes are integral part of these financial statements.

**CONTEMPORARY ARTS CENTER
FOR THE YEARS ENDED JUNE 30, 2001 and 2000
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Contemporary Arts Center (the "Center") is a multi-disciplinary organization dedicated to presenting the works of local, regional, national and international artists. The Center offers a year round calendar of exhibitions, performances and educational programs designed to engage diverse public audiences of all ages, while providing technical and development support for local artists.

The following program and supporting services are included in the accompanying financial statements:

Vizual Arts – A year round calendar of curated visual art exhibits by local, national and international artists.

Performing Arts – A year round calendar of theatrical and musical presentations by local, national, and international artists. Community theater support programs provide low cost presentation space and technical assistance to local performing artists/organizations.

Education – School field trips, a summer camp, adult lectures and presentations.

Community Outreach – Building relationships with community-based organizations to increase audience diversity and bring arts programming to the many communities of New Orleans.

Basis of Presentation

The financial statements of the Center have been prepared on the accrual basis of accounting.

Fund Accounting

The Center provides for funds according to three classes of net assets – permanently restricted, temporarily restricted and unrestricted to comply with limitations and restrictions placed on the use of resources by the donor.

Cash and Cash Equivalents

The Center places its cash and cash equivalents with high credit quality institutions in the Greater New Orleans area. Accounts at each financial institution are insured by the Federal Deposit Insurance Corporation up to \$100,000. Amounts on deposit in excess of insured limits were approximately \$185,000 and \$98,000 at June 30, 2001 and 2000, respectively.

**CONTEMPORARY ARTS CENTER
FOR THE YEARS ENDED JUNE 30, 2001 and 2000
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Fixed Assets

Fixed assets are stated at acquisition cost or, in the case of gifts, fair value at the date of donation. Major additions are capitalized; maintenance and repairs that do not improve or extend the life of the respective asset are charged to expense. Depreciation is computed using the straight-line method over the assets' estimated useful lives of 5 years for equipment and 30 years for the building.

Art Collection

The Center commissioned several works of art that are housed in the building at 900 Camp Street and are carried in the accompanying financial statements at cost. The Center does not record depreciation on the art collection as depreciation is not required to be recognized under accounting principles generally accepted in the United States of America on individual works of art or historical treasures whose economic benefit or service potential is used up so slowly that their estimated useful lives are extraordinarily long.

Net Assets

Permanently restricted net assets are amounts set aside due to the endowment fund. Temporarily restricted net assets are restricted for use until the donor imposed restrictive event takes place and primarily consist of pledges receivable related to the capital campaign, summer camp and composer-in-residence programs.

Gifts, Grants and Pledges

Gifts, grants and pledges are recorded in the three classes of net assets in accordance with the restriction of the donors. Non-cash gifts and grants are recorded as revenue at fair market value at the date contributed, if an objective valuation is determinable. Pledged contributions are recorded as receivables when a firm pledge is made and collectibility is reasonably determinable. If a pledge is to be received over a period of more than a year, the respective non-current amount is recorded as a non-current receivable.

Donated Materials and Services

Certain donated materials and services are reflected as contributions in the accompanying statements at their estimated fair values at the date of receipt. In addition, a substantial number of unpaid volunteers have donated significant amounts of their time to the development of the Center's program services and in its fund-raising campaigns; these services have not been recorded as contributions since there is no objective basis to measure their value.

**CONTEMPORARY ARTS CENTER
FOR THE YEARS ENDED JUNE 30, 1991 and 1990
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Investments

Investments are carried at fair market value in the accompanying Statements of Financial Position. Changes in unrealized gains and losses are included in the change in fund balance in the accompanying Statements of Activities.

Gains and losses from the sale or other disposition of investments and other noncash assets are accounted for in the classification that reported the assets. Ordinary income from investments is accounted for in the classification reporting the assets.

Interfund Receivables and Payables

Use of unrestricted or restricted funds for building or operating purposes is accounted for through due to and due from accounts in the respective funds, as repayment is reported.

Income Taxes

The Center is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and, accordingly, no provision for income taxes has been reflected in the financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - PRIOR PERIOD ADJUSTMENT

In connection with the donation of a building from a member of the Center's Board of Directors, land and building of \$9,800,000 and corresponding contribution revenue was recorded as of June 30, 1990. Prior to the donation, the Center leased the building from the donor and made household improvements throughout the term of the lease (See Note 3).

At the time of the donation, the Center had unrestricted building improvements with a net book value of \$1,493,969. These improvements, however, were not removed from the Center's books when the building was donated to the Center and capitalized. Consequently, unrestricted net assets were overstated by \$1,493,969 as of June 30, 1990. Accordingly, a prior period adjustment was recorded in the accompanying June 30, 1990 financial statements to reduce unrestricted net assets by \$1,493,969 as of July 1, 1990.

**CONTEMPORARY ARTS CENTER
FOR THE YEARS ENDED JUNE 30, 2001 and 2000
NOTES TO FINANCIAL STATEMENTS**

NOTE 3 – FIXED ASSETS

Fixed assets as of June 30, 2001 consisted of the following:

	Unrestricted	Restricted	Total
Land	\$ -	\$ 3,150,000	\$ 3,150,000
Building	-	6,115,000	6,115,000
Equipment	270,671	-	270,671
	270,671	9,265,000	9,535,671
Less accumulated depreciation	211,663	907,667	619,330
	<u>\$ 59,008</u>	<u>\$ 8,857,333</u>	<u>\$ 8,916,341</u>

Fixed assets as of June 30, 2000 consisted of the following:

	Unrestricted	Restricted	Total
Land	\$ -	\$ 3,150,000	\$ 3,150,000
Building	-	6,115,000	6,115,000
Equipment	220,716	-	220,716
	220,716	9,265,000	9,485,716
Less accumulated depreciation	159,667	200,833	360,500
	<u>\$ 61,049</u>	<u>\$ 9,064,167</u>	<u>\$ 9,088,216</u>

NOTE 4 – LINE OF CREDIT AND NOTES PAYABLE

The Company had amounts outstanding of \$100,000 under a line of credit at June 30, 2001. These amounts consisted of advances under a \$100,000 line of credit agreement with a bank maturing December 31, 2000. The line of credit bears interest at 9.5% per annum and is collateralized by a \$325,000 real estate mortgage note on land dated September 13, 2000.

**CONTEMPORARY ARTS CENTER
FOR THE YEARS ENDED JUNE 30, 2001 and 2000
NOTES TO FINANCIAL STATEMENTS**

NOTE 4 – LINE OF CREDIT AND NOTES PAYABLE (cont'd)

Notes payable consisted of the following, at June 30:

	2001	2000
Note payable to a bank dated December 4, 1998, payable in monthly installments of \$1,000 principal plus interest at 8.25% through December 4, 2001	\$ 19,767	\$ 32,767
Note payable to a bank dated September 13, 2000, payable in monthly installments of principal and interest (8.5%) of \$3,915.03 through January 1, 2008	521,795	-
Note payable to a bank dated February 10, 2000, bearing interest at 8.55%, payable on demand, secured by a personal guarantee of a member of the Center's Board of Directors	-	60,000
Note payable to related party dated April 2000, non-interest bearing	-	10,000
Total notes payable	140,862	102,767
Lease- Current portion	(46,795)	(82,000)
Total long-term notes payable	<u>\$ 94,067</u>	<u>\$ 20,767</u>

The aggregate maturities of long-term debt are as follows:

2002	\$ 46,296
2003	28,767
2004	32,835
2005	31,469

NOTE 5 – RELATED-PARTY TRANSACTIONS

A company controlled by a member of the Center's Board of Directors leased a portion of the building at 908 Camp Street to the Center pursuant to a lease, which initially expired in December 1992. On December 2, 1994, the lease was amended such that no rent was due from the Center. The lessor made a pledge to donate the building and land to the Center on July 1, 1999. Therefore, the Center recorded the donation of the building as of June 30, 1999 based on the \$8,800,000 valuation specified in the act of donation. In addition, the act of donation stated that each of the terms, conditions, restrictions and covenants therein were to remain in effect for a period of 20 years from the effective date of the donation of the property.

Related entities, also controlled by the same Board member, contributed approximately \$165,000 and \$75,000 to the Center during fiscal years 2001 and 2000, respectively.

Other members of the Center's Board of Directors and parties related to them made contributions of approximately \$194,000 and \$270,000 during fiscal years 2001 and 2000, respectively.

**CONTEMPORARY ARTS CENTER
FOR THE YEARS ENDED JUNE 30, 2001 and 2000
NOTES TO FINANCIAL STATEMENTS**

NOTE 3 – RELATED-PARTY TRANSACTIONS (cont'd)

Additionally, another member of the Center's Board of Directors made a \$18,000 loan to the Center in April 2000, to finance a production. On July 28, 2000, under the direction of the same Board member, the Center repaid \$8,000 and the Board member contributed the remaining \$2,000 to the Center.

NOTE 4 – CONDITIONAL PROMISE TO GIVE

On March 17, 2000, the Center received a grant in the amount of \$300,000 from the Elia West Freeman Foundation for the Capital Campaign. However, this grant is contingent upon the Center receiving grants or firm pledges in the amount of \$15,000,000 for this capital campaign by February 1, 2001. Should the Center not comply with these requirements, the commitment will be rescinded in its entirety.



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
of the Contemporary Arts Center

We have audited the financial statements of the Contemporary Arts Center (the "Center" – a Louisiana not-for-profit corporation) as of and for the year ended June 30, 2004, and have issued our report thereon dated November 9, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with these provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Center's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, board members, others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Legier + Mathews, CPAs

November 9, 2004

SUPPLEMENTAL SCHEDULE

**CONTEMPORARY ARTS CENTER
SUPPLEMENTAL SCHEDULE OF DEPARTMENTAL ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2001**

	Program Services			
	Support Program	Performance	Education	Visual Arts
SUPPORT AND REVENUE				
Contributions	\$ -	\$ 94,191	\$ 55,400	\$ 801,478
Contributions in kind	-	-	-	-
Professional and program services grants	4,813	20,800	-	-
Manufacturing fees	-	-	-	3,200
Admissions, workshop fees, meetings and conferences	-	44,000	20,071	28,800
Special fund-raising events, net	-	-	-	-
Rates of use, rentals and subscriptions	-	300	-	4,600
Donations, fund, charitable services	-	-	-	-
Investment income	-	-	-	-
Other	-	3,841	-	100
Grants program activities	-	75,811	57,319	20,660
Total support and revenue	4,813	261,546	182,790	1,056,960
EXPENSES				
Salaries	-	71,600	68,886	168,111
Payroll taxes	-	3,686	5,040	11,269
Employee benefits	-	3,217	4,168	9,054
Value of in-kind contributions	-	-	-	-
Artist fees	4,710	146,607	6,292	2,020
Advertising	-	1,002	680	2,868
Telephone and utilities	-	-	-	-
Supplies, maintenance and equipment	-	4,050	1,187	12,134
Professional, technical, consultant services	68	28,711	468	18,150
Printing, publications, films, etc.	-	4,555	2,753	48,240
Security and insurance	-	667	704	5,261
Cost of goods sold	-	224	-	2,580
Freight and shipping	-	4,588	128	68,076
Donations, fund, charitable	-	142	-	-
Meetings, conferences and travel	-	21,680	123	6,850
Interest expense	-	-	-	-
Depreciation and repair less	-	150	-	11,000
Depreciation	-	-	-	-
Other	-	9,508	828	6,888
Bad debts expense	-	-	-	-
Total expenses	4,813	267,687	86,714	300,039
EXCESS (DEFICIENCY) OF SUPPORT AND REVENUE OVER OF PROGRAMS/EXPENSES	\$ -	\$ 18,859	\$ 97,076	\$ 1,170,180

**CONTEMPORARY ARTS CENTER
SUPPLEMENTAL SCHEDULE OF DEPARTMENTAL ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2000**

Fund Balance	Supporting Services								Total
	Marketing	General	Student Hospitality	Management and General	Capital Campaign	Instructional Support	Temporarily Restricted	Permanently Restricted	
\$ 382,007	\$ 114	\$ 17,420	\$ 12,100	\$ 50,880	\$ 140	\$ 608,604	\$ 138,412	\$ 541,144	\$ 1,002,210
88,000	-	-	-	-	-	81,240	-	22,680	169,740
264,248	-	-	-	-	-	207,148	-	-	267,438
33,700	-	91	280,140	104	-	371,449	13,036	-	384,485
294,626	-	-	-	-	-	294,626	-	-	294,626
380,160	1,880	3,039	-	-	-	110,880	-	-	394,859
67,177	4	57,273	276,140	-	-	461,246	-	-	494,730
-	-	-	-	8,000	-	8,115	-	9,000	17,115
1,107	4,394	3,990	4,494	17,880	-	41,768	1,000	-	42,768
63,500	2,500	-	1,800	54,000	30,800	263,478	(171,217)	(5,760)	44,781
<u>1,026,725</u>	<u>8,880</u>	<u>52,830</u>	<u>490,564</u>	<u>114,200</u>	<u>30,200</u>	<u>2,964,440</u>	<u>(214,100)</u>	<u>89,600</u>	<u>2,964,210</u>
133,488	71,794	38,960	131,800	318,000	67,882	1,824,244	-	-	1,824,244
30,884	5,962	3,681	60,004	26,844	1,728	81,600	-	-	82,620
3,725	3,615	864	2,708	12,000	178	38,971	-	-	38,971
-	-	-	-	-	-	-	-	-	-
21,542	268	2,874	1,288	72	618	184,591	-	-	186,791
8,949	1,708	689	8,702	86	-	30,600	-	-	39,602
87	-	644	444	11,871	-	113,776	-	-	125,776
28,678	1,800	26,882	51,64	100,280	780	382,886	-	-	382,886
64,719	11,600	451	34,640	17,700	10,697	796,512	-	-	796,512
33,834	15,780	28	4,408	4,981	88	280,004	-	-	180,004
4,268	380	2,200	14,074	16,774	281	80,007	-	-	80,007
6,648	12,888	1,894	-	(11,380)	-	11,193	-	-	33,790
8,281	1,567	23	194	7,578	108	67,068	-	-	67,993
71,404	-	18,776	76,142	107	-	111,215	-	-	122,215
40,700	204	-	3,000	3,271	107	74,494	-	-	74,494
-	-	-	-	29,608	-	24,119	-	-	24,119
-	-	-	-	-	-	33,150	-	-	33,150
80,171	600	1,394	33,490	19,685	2,680	208,424	12	200,800	221,836
1,180	-	-	-	198	-	1,144	-	-	1,144
<u>486,714</u>	<u>16,762</u>	<u>67,111</u>	<u>171,468</u>	<u>730,571</u>	<u>30,189</u>	<u>2,664,955</u>	<u>17</u>	<u>328,116</u>	<u>2,664,716</u>
\$ 478,547	\$ 1,117,870	\$ 1,175,847	\$ 1,111,904	\$ 1,500,884	\$ 128	\$ 195,568	\$ (214,744)	\$ 1,170,680	\$ 5,045,025



November 9, 2001

To the Board of Directors of
Contemporary Arts Center
New Orleans, Louisiana

In planning and performing our audit of the financial statements of Contemporary Arts Center ("the Center") for the year ended June 30, 2001, we considered the Center's internal control to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control.

As a result of this consideration, we developed the following observations and recommendations concerning internal control and other operational matters that are designed to help the Center make improvements and achieve operational efficiencies. Our comments reflect our desire to be of continuing assistance to the Center. Our current year comments are summarized as follows:

Observation 01-1

Board of Directors Meetings

While reviewing the minutes from the Board of Directors' meetings, we noted that minutes for the April, June and July 2000 meetings could not be found. As these minutes document the Center's significant discussions and decisions related to financing, operations, and administration, we recommend someone be appointed to ensure their proper filing and safeguarding. This observation was also noted in the prior year audit.

Management's Response

There were no board meetings in June and July, so there were no minutes for those months. An individual has been designated to keep the minutes' file and to make a notation in the file if a Board of Directors meeting does not occur.

Observation 01-2

Inventory Balances

While performing our procedures on the inventory balances, we noted that balances remained the same from prior years. Due to the restrictions placed on these monies, we recommend the Center decrease the discrepancy of these inventories as well as develop a concrete plan to ensure their payment. This observation was also noted in the prior year audit.

Management's Response

Although the borrowings from the permanently restricted endowment fund have not yet been repaid, it is the intention of the executive committee as well as management that these borrowings are to be repaid upon availability of funds. The Center's policy is that all borrowings may only take place with the authorization of the executive committee. The executive committee considers many factors, including any borrowing restrictions associated with funds such as the endowment fund, when considering the authorization of such borrowings.

Observation #1-2

Grant's Accounts Receivable

While performing our procedures on grants receivable and grant revenue, we noted an internal schedule is not being currently maintained to adequately monitor the expended and available funds related to each grant award. It is our understanding that the maintenance of this schedule was hindered by the loss of the former Director of Finance during 2001 and the subsequent transition period to the current Director of Finance. As these monies represent a significant amount of the Center's funding and have specific provisions as to their expenditures, we recommend someone be appointed to ensure the maintenance of such schedule.

Management's Response

As there were several tasks that were required to be completed due to the transition period between Directors of Finance, the completion of this schedule was delayed. Management ensures this schedule will be maintained in fiscal year 2002.

It should be understood that our comments deal exclusively with operational matters, and should not be regarded as reflecting on the integrity or the capabilities of anyone in your organization. It should be further recognized that our comments have been restricted to suggested improvements, and are not intended as a commentary on the various aspects of the Center's procedures and controls.

We appreciate the cooperation we have received from the Center's personnel and the opportunity to have been of service to you and the Center. This report is intended solely for the information and use of the Board of Directors, management, and others within the Center. In the event you have any questions or require additional information with respect to matters discussed in the accompanying report, please do not hesitate to contact us.

Very truly yours,

Logan + Mathews, LLP